

The Arizona Real Estate Recovery Fund

*This is general information only. This is NOT legal advice.
Consult with your own attorney at your expense for any legal advice.*

What is the Recovery Fund?

- The Recovery Fund is the source of last resort for repayment of losses resulting from a real estate transaction, caused by the conduct of a licensed real estate agent or broker. (See *Arizona Revised Statutes (A.R.S.) §32-2186 through §32-2193.02*)
- It is administered under the direction of the Arizona Real Estate Commissioner.
- The Fund collects money from a surcharge on license fees.

Who can apply for money from the Fund?

You can apply

- If you bought, sold or leased real property (or a cemetery plot) in Arizona with the professional assistance of an agent and/or broker licensed by the Arizona Department of Real Estate (ADRE); or
- If you hired a licensed agent and/or broker or a property management company to manage your property in Arizona; and
- If you have been awarded a court judgment (civil or criminal) or an arbitration award against the agent and broker (not just the brokerage company) but were unable to collect the judgment or the award; and
- If that judgment or award made a finding that the conduct of your agent and/or broker violated any duties under Title 32, Chapter 20, A.R.S. or under ADRE Rules(see Arizona Administrative Code R4-28-101 through R4-28-1313).

What losses are covered by the Fund?

Examples of Eligible Losses

- Misappropriated earnest money deposit or the down payment on a house
- Misappropriated security deposit, rent income, or money fraudulently withheld that was intended for mortgage payments or other expenses on a property managed by the licensee
- Repair costs required for defects when a real estate agent has materially misrepresented the condition of a property
- Losses caused in a transaction when the licensee has actively misrepresented the financial condition of the parties or property involved
- Reasonable attorney's fees and court costs

Examples of Ineligible Losses

- Lost profits and speculative losses
- Investment in notes, mortgages, limited partnerships or other securities, regardless of whether it is secured by real property, where the licensee was not engaged in the transaction as an agent of the applicant
- Repair costs for defects when the purchaser was aware of, or notified about, the defect
- Punitive damages or Post-judgment interest
- Undocumented transactions or losses
- Money spent on lodging, meals, travel, photocopies or long-distance phone calls
- Losses exceeding out-of-pocket losses

Eligible losses must be actual money lost in a real estate (or cemetery plot) transaction. You must deduct the value of any payment, settlement, tax credit, or other type of offset received or recovered. The Fund is limited to pay up to \$30,000 per transaction, with a cap of \$90,000 per licensee.

If my case appears to meet these criteria, how can I get paid from the Fund?

- Record the court order awarding judgment in the subject real estate transaction with the County Recorder's Office
- Exhaust all efforts to collect the money from everyone and document those efforts
- Download the "Application for Payment from the Recovery Fund" Form from our website.
- Follow all instructions in the application, complete all sections, attach all requested documents, and file it by certified mail in accord with those instructions

The Recovery Fund Administrator can be reached at 602.771.7764.